

JAN 14 2016

Idaho Public Utilities Commission Case No. AVU-G-15-03

Boise, Idaho

Petition for Clarification and Reconsideration of Order No. 33444

We, the Technical Commenters, as so labeled by Order No. 33344, still believe and advocate that the recent moves by the Commission and its Staff toward accepting or mandating that Idaho utilities rely primarily on the Utility Cost Test (UCT) for determining cost-effectiveness of demand-side management (DSM), rather than continuing to require reliance on multiple cost-effectiveness tests, including the total resource cost test (TRC), should be halted until these issues are discussed and debated for all Idaho utilities in a generic docket. We recognize that DSM cost-effectiveness issues are arcane and can be difficult to understand by those who have not immersed themselves in them, but that fact does not make the issues unimportant and without need of a more open and thorough vetting than they have been given in case numbers AVU-G-15-03 and IPC-E-15-06. That said, we have other issues with Order No. 33444 in AVU-G-15-03. Following are six of those issues and we ask the Commission for clarification or reconsideration of Order No. 33344 as appropriate.

1) On page 5, the Order states "...the *Technical Commenters did not seek to intervene in this case, and the Staff did not express concern about the discovery responses.*" Please clarify if this statement means that it is permissible for utilities to provide purposely misleading responses to production requests if the Staff or some other party does not object to misleading responses. Please further clarify whether the Commission is willing to recognize misleading statements when members of the public identify such statements. (See attached Avista response to Staff's Production Request No. 6.)

2) On page 7, the Order states "...*its new approach to avoided cost was thoroughly reviewed and vetted...*" (emphasis added) We cannot find in the record of this case a claim by either Avista or the Staff that the new approach to avoided cost was "*thoroughly*" reviewed and vetted. We ask that the Order be amended by removing the word "*thoroughly*" in this sentence because we believe that the issue was not, in fact, thoroughly reviewed and vetted and that the Order saying it was is unfounded and prejudicial.

3) On page 9, the Order states "*As a practical matter, this shift may result in more DSM resources being selected as cost-effective in future IRP cases, thereby addressing the underlying concerns of the Technical Commenters.*" But the true underlying concern of the Technical Commenters was that resources would be spent on DSM that was not cost-effective. Please clarify how a shift resulting in more DSM addresses our underlying concern.

4) On page 9, the Order states "*...we find that the proposed programs appear cost-effective under either the TRC or the UTC.*" [sic] This claim is also stated on page 12 in the Summary. We cannot find in the record any claim by the Company or the Staff that the proposed programs are cost effective under the TRC. In fact, Table 1 in Staff's comments (p. 4) show TRC benefit/cost (B/C) ratios well below the cost-effective threshold of 1.0 for the residential portfolio, the C&I portfolio, and the total portfolio, with or without the low income program, even with a 10% conservation adder and even with inclusion of elements not seen as legitimate by the Technical Commenters. Please clarify if the Commission views a B/C ratio of less than 1.0 as being cost-effective and, if so, please clarify what the Commission's threshold B/C ratio indicating cost-effectiveness is. If the Commission instead believes that a 1.0 B/C threshold delineates cost-effective from cost-ineffective, we ask the Order be amended to not state that the proposed programs appear cost-effective under the TRC.

5) On page 8, the Order states "*Finally, it is worth noting the Technical Commenters do not allege that the proposed programs are cost-ineffective.*" For the record, Jonathan Powell stated on page 7 of his comments that an independent evaluation of Avista's Washington gas DSM showed a TRC B/C ratio of 0.35 and a UCT B/C ratio of 0.80, thus the Washington program was shown to be cost-ineffective by both tests, and that the Idaho portfolio would be expected to perform similarly. Further, Lynn Anderson stated on page 4 of his comments, that when net-to-gross (NTG) factors are applied and other errors corrected, Avista's projected B/C ratios would decrease perhaps to the levels predicted by Jonathan Powell. In other words, both Technical Commenters were, in fact, alleging that the proposed programs would be found cost-ineffective by an independent evaluator under both the TRC and the UCT. We ask that the Order be amended to not misrepresent our comments.

6) On page 10, the Order states that Staff noted "*...that the Commission has previously approved DSM programs that include 100% NTG that included a sensitivity analysis...*" and the Order then found "*...this approach is consistent with the approach adopted by Idaho Power.*" It is important to know that Idaho Power's NTG sensitivity results shown in its *2014 Annual DSM Report Supplement 1: Cost-Effectiveness* are applicable only to the TRC cost-effectiveness test and that the TRC is much less sensitive to low NTG factors than is the UCT. As such, we ask that the Order be amended to either delete the reference to consistency with Idaho Power's approach or to clarify that performing NTG threshold sensitivity analyses in place of actually including NTG factors in determining UCT cost-effectiveness is an unprecedented approach to UCT cost-effectiveness.

Thank you for your consideration,

Lynn Anderson

Lynn Anderson

1/14/2016

(date)

for

Technical Commenters

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**AVISTA CORPORATION
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	IDAHO	DATE PREPARED:	12/02/2015
CASE NO:	AVU-G-15-03	WITNESS:	N/A
REQUESTER:	IPUC	RESPONDER:	Mike Dillon
TYPE:	Production Request	DEPARTMENT:	DSM
REQUEST NO.:	Staff-06	TELEPHONE:	(509) 495-4260

REQUEST:

Please describe how the Company uses net-to-gross estimates when determining whether to implement and how to manage natural gas conservation programs. If the Company does not consider net-to-gross estimates, please explain why not. Furthermore, please estimate how applying a net-to-gross to the UCT could impact cost-effectiveness.

RESPONSE:

Since a net-to-gross adjustment measures the motivation of why an energy efficiency measure was acquired by a customer it adjusts both the value of the conservation savings as well as the customer incremental cost. In a net TRC that provides a reduction in both the numerator and the denominator of a B/C ratio calculation, the reduction does not completely cancel out due to the presence of Non-energy impacts and programmatic costs in both the numerator and denominator.

Since the UCT is only looking at the benefits of conservation in the numerator and the costs the utility pays to acquire that conservation from incentives and programmatic costs in the denominator, a net-to-gross adjustment would be a direct reduction in the UCT (i.e. UCT = 2.0, net-to-gross ratio of 0.7 would yield a net UCT of 1.4).